

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	CASE NO. IPC-E-03-13
IDAHO POWER COMPANY FOR AUTHORITY)	
TO INCREASE ITS INTERIM AND BASE)	NOTICE OF APPLICATION
RATES AND CHARGES FOR ELECTRIC)	
SERVICE.)	NOTICE OF INTERVENTION
)	DEADLINE
)	
)	NOTICE OF ORAL ARGUMENT
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)	NOTICE OF PREHEARING
)	CONFERENCE
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)	ORDER NO. 29369
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On October 16, 2003, Idaho Power Company (Idaho Power; Company) filed an Application with the Commission for authority to increase the Company's general rates an average of 17.7%. If approved, Company revenues would increase by nearly \$86 million annually. In the event the Commission suspends Idaho Power's proposed permanent rates and charges for further proceedings, the Company's filing also included a request for \$20 million in interim rate relief. Idaho Power provides electric service to approximately 405,000 residential, commercial, industrial, and irrigation customers in southern Idaho. In this Order, the Commission suspends the effective date of the proposed permanent and interim rates, sets an intervention deadline, establishes a procedure to examine the interim rate request, and schedules a prehearing conference.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that on October 16, 2003, Idaho Power Company filed an Application for authority to increase its rates and charges for electric service in the State of Idaho by \$85,561,910 effective November 15, 2003.

YOU ARE FURTHER NOTIFIED that the Company's Application states that the overall rate of return and return on equity allowed in its last rate case (Case No. IPC-E-94-5) are no longer

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reasonable and adequate given the Company's increased costs. In Idaho Power's last rate case, the Commission authorized a 9.199% return on rate base of \$1,221,624,208 and an 11% return on common equity. Order No. 25880. According to Idaho Power, the number of customers it serves has grown by 30% since the 1993 test year used in its last rate case.¹ The Company states it has spent \$156 million for new generating facilities, \$198 million for new transmission facilities, and \$366 million toward the construction of new distribution facilities since 1993. *Id.*

YOU ARE FURTHER NOTIFIED that Idaho Power proposes using a 2003 test year adjusted for known and measurable changes, an 11.2% return on common equity, and an overall rate of return of 8.334% on a \$1,547,443,530 rate base. This would result in an additional revenue requirement of \$85,561,910 attributable to the Idaho jurisdiction. The Company's Application is based on six months of actual test year data with the remaining six months projected using Company estimates.

YOU ARE FURTHER NOTIFIED that Idaho Power's request for an additional revenue requirement of \$85,561,910 in Idaho is generally composed of the following: 1) significant investments in transmission and distribution facilities; 2) new production facilities including the Danskin Power Plant; 3) hydro facility relicensing costs; 4) increases in power supply costs due to drought and market conditions; 5) increased operations and maintenance expenses; 6) an increase in depreciation expense; and 7) a change in the jurisdictional allocation formula.

YOU ARE FURTHER NOTIFIED that because the cost of providing power to various customer groups differs, the Company proposed varying percentage increases for different customer classes or groups. As a result, the proposed increases for some classes are lower than the proposed average rate increase of 17.7% while others are higher. The chart below shows an average of all rate components by kilowatt-hour (kWh) for certain customer groups.

¹ Idaho Power press release dated October 17, 2003.

Customer Group	Schedule	Current Average Base Rate	Proposed Average Base Rate	Overall Percentage of Increase
Residential	1	5.17 cents	6.16 cents	19 percent
Small Commercial	7	6.33 cents	7.66 cents	21 percent
Large Commercial	9	3.57 cents	4.11 cents	15 percent
Industrial	19	2.78 cents	3.17 cents	13.9 percent
Irrigation	24	3.72 cents	4.65 cents	25 percent

YOU ARE FURTHER NOTIFIED that Idaho Power also proposed increasing the rates of its three special contract customers – J.R. Simplot Company by 3.12%, the Department of Energy (INEEL) by 14.16%, and Micron Technology by 8%.

YOU ARE FURTHER NOTIFIED that the rates proposed in the Company's Application do not include the Power Cost Adjustment (PCA), a mechanism that adjusts for fluctuating power supply costs resulting from variable market price and streamflow conditions. Idaho Power also requested that the annual PCA effective date be moved from May 16 to June 1 to coincide with the Company's proposal to establish a seasonal rate schedule.

YOU ARE FURTHER NOTIFIED that the Company requested these rates go into effect as filed for electric service rendered on and after November 15, 2003, and that the effective date not be suspended.

Seasonal Rates

YOU ARE FURTHER NOTIFIED that Idaho Power requested a change in how the time of year impacts the rates charged for electricity. If approved, the price Idaho Power charges its customers during the summer months would reflect the Company's seasonably higher costs of producing or purchasing power. The change would result in summer and non-summer base rates. The proposed energy rate for residential and small commercial customers would be 25% greater during the three summer months of June – August than non-summer months. The proposed rate during the non-summer months would be slightly lower than the current base rates.

Service and Demand Charges

YOU ARE FURTHER NOTIFIED that the customer service charge is designed to recover a portion of the costs associated with providing electrical service such as meters, distribution

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facilities, and billing services. Idaho Power proposed to increase the monthly Service Charge (currently called the Customer Charge) from: \$2.51 to \$10.00 per month for residential and small commercial customers; \$10.07 to \$25.00 per in-season month for irrigators; and \$5.54 to \$21.00 for large commercial customers.

Under the Company's Application, demand charges for irrigation customers would increase from \$3.58 to \$5.40 per in-season month. Large commercial demand charges would also increase from \$2.73 to \$4.00 per kW in the summer months and to \$3.35 per kW during non-summer months. Idaho Power also proposed increasing service charges, implementing summer and non-summer demand charges, and billing mandatory time-of-use² energy charges for industrial customers.

Interim Rate Relief

YOU ARE FURTHER NOTIFIED that if the Commission determined that it should suspend the effective date of the Company-proposed rates beyond November 15, Idaho Power requested the Commission authorize a uniform 4.16% increase on all existing tariffs pending a determination of Idaho Power's rates and charges in this case. The interim rate increase requested is part of, and not in addition to, the general rate increase proposed by the Company.

YOU ARE FURTHER NOTIFIED that based on a 2003 test year and holding all other financial and accounting items constant (including the currently-allowed 11% return on equity), Idaho Power's interim revenue requirement of \$20,124,165 is based on four components:

1. The construction and operation of the Danskin Power Plant (\$7,727,782).
2. The costs associated with relicensing the Company's Middle-Snake (Upper Salmon, Lower Salmon, and Bliss), Shoshone, and C.J. Strike hydro facilities (\$1,573,440).
3. The change in depreciation expenses approved in Order No. 29363, Case No. IPC-E-03-5 (\$3,816,971).³

² Time-of-Use (TOU) rates refer to the pricing of electricity based on the estimated cost of electricity during a particular period of the day or "time block." Idaho Power proposes mandatory seasonal rates under which Schedule 19 customers would pay on-peak, mid-peak, and off-peak energy prices during the three summer months from June 1 through August 31. During all other months mid-peak and off-peak energy prices would be in effect.

³ The new depreciation rates contained in Order No. 29363 are effective December 1, 2003.

4. The increase in Idaho's share of net power supply costs from 85.5% in 1993 to 94.1% in 2003 due to reallocation between wholesale and retail jurisdictions (\$7,024,125).

Idaho Power maintains that requiring the Company to absorb these financial costs during a regulatory suspension would jeopardize the Company's financial viability.

YOU ARE FURTHER NOTIFIED that the Company has filed the direct testimony of its witnesses along with their exhibits and workpapers. These documents are on file with the Commission Secretary at the Commission's office where they may be reviewed as a matter of public record during regular business hours. The Company's proposed schedules of rates and charges will also be kept open for public inspection at its offices in the State of Idaho. Interested persons may also view Idaho Power's Application at the websites of the Commission (www.puc.state.id.us) and the Company (www.idahopower.com).

YOU ARE FURTHER NOTIFIED that the following persons are designated as Idaho Power's representatives in this matter:

BARTON L. KLINE
MONICA B. MOEN
IDAHO POWER COMPANY
PO BOX 70
BOISE, ID 83707
E-mail: bkline@idahopower.com
mmoen@idahopower.com

JOHN R. GALE
VICE PRESIDENT REGULATORY AFFAIRS
IDAHO POWER COMPANY
PO BOX 70
BOISE, ID 83707
E-mail: rgale@idahopower.com

YOU ARE FURTHER NOTIFIED that Idaho Power's intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that the rates and charges of all Idaho retail customers, both recurring and non-recurring, including those of special contract customers, are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair and reasonable. IDAPA 31.01.01.124.02.

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YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings and may approve, reject or modify existing or proposed relationships among and between customer classes or rate groupings. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce or create rate blocks or categories of rates and charges, abolish, create or reduce components of rates and charges, abolish, reduce or create customer classes or rate groupings, and abolish, reduce or create absolute or relative differences among and between existing classes or rate groupings of customers. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of them in its order. IDAPA 31.01.01.124.02.

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this proceeding for the purpose of presenting evidence or cross-examining witnesses at hearing **must file a Petition to Intervene** with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. Persons intending to participate at the hearings must file a Petition to Intervene **on or before November 12, 2003**. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail addresses to facilitate future communication in this matter.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this joint proceeding. Depending on the number of intervenors, the Commission may direct that testimony be filed electronically with the other parties.

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NOTICE OF ORAL ARGUMENT ON INTERIM RATE

YOU ARE FURTHER NOTIFIED that parties and intervenors desiring to state a position on the interim rate request in this Application may file legal memoranda **no later than November 12, 2003 at 3:00 p.m.** addressing the legal standard that the Commission should use in considering the request for interim rate relief and explaining why the Company should or should not be granted the interim rate relief requested in its Application.

YOU ARE FURTHER NOTIFIED that the Commission will hold oral argument on the Company's request for an interim rate increase on **THURSDAY, NOVEMBER 13, 2003, BEGINNING AT 9:30 A.M. IN THE COMMISSION HEARING ROOM, 472 WEST WASHINGTON STREET, BOISE, IDAHO.** Aside from the Company's prefiled direct testimony and the legal memoranda described above, the parties and intervenors shall not be required to prefile testimony and exhibits prior to the oral argument on the proposed interim rates.

YOU ARE FURTHER NOTIFIED that in the event that the submission of legal memoranda and oral argument currently scheduled do not adequately address the interim rate issue, the Commission reserves the dates of **December 15-16, 2003** for further proceedings.

YOU ARE FURTHER NOTIFIED that all further hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act. In order to participate, understand testimony and argument at a public hearing, persons needing the help of a sign language interpreter or other assistance may ask the Commission to provide a sign language interpreter or other assistance as required under the Americans with Disabilities Act. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, ID 83720-0074
(208) 334-0338 (TELEPHONE)
(208) 334-3762 (FAX)
E-mail: secretary@puc.state.id.us

NOTICE OF PREHEARING CONFERENCE

YOU ARE HEREBY NOTIFIED that the Commission will conduct a prehearing

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conference in this proceeding on **THURSDAY, NOVEMBER 13, 2003, IMMEDIATELY FOLLOWING THE CONCLUSION OF THE ORAL ARGUMENT ON THE INTERIM RATE INCREASE**. One purpose of the prehearing conference is to discuss a hearing schedule, discovery, and other preliminary or procedural matters.

YOU ARE FURTHER NOTIFIED that persons intending to participate in this proceeding as parties are advised to begin discovery. One of the purposes of the prehearing conference will be to discuss if there should be a deadline or cutoff for discovery.

YOU ARE FURTHER NOTIFIED that parties participating in the prehearing conference will be expected to be familiar with the Application and be prepared to discuss both substantive and procedural issues that may arise at the prehearing conference. Parties may offer to settle or limit discussion of issues presented by the Application at the prehearing conference. Persons desiring to participate in this matter as parties must intervene before and participate in the prehearing conference to preserve their rights with regard to issues discussed during the conference. All issues in the Application, including but not limited to revenue requirement and rate design, may be the subject of discussion and settlement offer at the prehearing conference.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61 and specifically *Idaho Code* §§ 61-129, 61-301, 61-302, 61-303, 61-307, 61-501, 61-502, 61-503, 61-507, 61-622, and 61-623.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

SUSPENSION OF PROPOSED EFFECTIVE DATE

Due to the complexities of this case and other constraints on the Commission's time, the Commission finds that it cannot resolve Idaho Power's requested interim or permanent rate increase before the proposed effective date of November 15, 2003. Pursuant to *Idaho Code* §§ 61-622 and 61-623, the Commission hereby suspends the proposed interim and permanent rates for a period of 30 days plus five months from November 15, 2003, or until such time as the Commission enters an Order accepting, rejecting or modifying the request in this matter.

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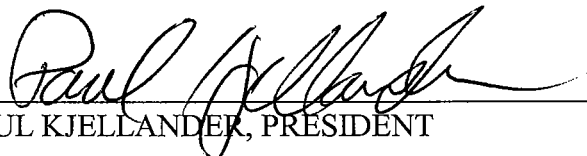
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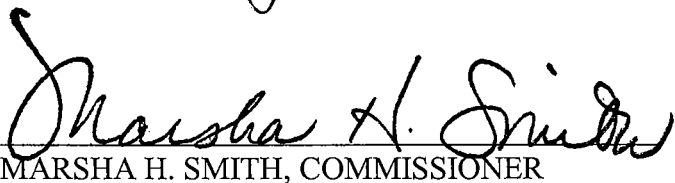
IT IS HEREBY ORDERED that the proposed schedules of rates and charges submitted by Idaho Power in this matter, both for interim and permanent increases, are suspended for a period of 30 days plus five months from November 15, 2003, or until such time as the Commission enters an Order accepting, rejecting or modifying the request in this matter.

IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission no later than November 12, 2003.

IT IS FURTHER ORDERED that the Commission adopts the forgoing scheduling and deadlines. Parties shall adhere to the schedule set out above.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 28th day of October 2003.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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